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TexPar Energy, LLC

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Surface Transportation Board

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Rail Fuel Surcharges

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My name is Harold J. Henckel. I have been employed by TexPar Energy LLC, Waukesha, WI, as Manager of Rail Transportation for the past seven (7) years.

TexPar Energy LLC is a processing and marketing company that purchases petroleum products in rail tank car quantities. We distribute our products from three (3) owned and six (6) leased oil terminal facilities located strategically throughout the continental United States.

TexPar's suppliers include all of the major North American inland petroleum refineries. We sell and deliver our products to manufacturing, utility, and large commercial boiler burning energy consumers throughout the continental United States.

TexPar has been in business since 1984 and is primarily dependent on rail service to move its products in this domestic petroleum market.The majority of TexPar's shipments move in privately owned rail tank cars. TexPar uses all of the major U.S. and Canadian rail carriers to conduct its business.

TexPar's rail shipments amounted to 10,146 railcars in 2003, 10,085 railcars in 2004, and 10,400 railcars in 2005. Our rail related transportation freight cost in 2005 was $ 23 million. This amount does not include fuel surcharges. Fuel Surcharges for 2005 added an additional $2.4 million to the $23 million freight cost.

Conclusions drawn from available documentation concerning the railroads application of fuel surcharges indicates that railroads are setting fuel surcharges that exceed the cost of fuel and can be considered unreasonable.

Excessive fuel surcharges are limiting TexPar's ability to supply and compete for many segments of petroleum marketing areas.

TexPar utilizes all of the major rail carriers to transport its products. It should be noted that one of the carriers, in its filing of Form 10K for end of year 2005 with the Securities and Exchange Commission, indicated that their diesel fuel costs represented 11% of their operating expenses for 2005. On the other hand, that carrier's monthly fuel surcharges consistently exceeded 11%, with the exception of July, 2005, when the surcharge percent dropped to 10.8%. In November (17.2%) and December (16.0%) fuel surcharges greatly exceeded 11%. It should also be noted at this point, that every freight rate or contract negotiated has a contribution in the cost to cover the expense of the carrier's fuel.

On the surface, it appears this major carrier is assessing unreasonable fuel surcharges to subsidize those customers not paying fuel surcharges because of contracts in place, or using fuel surcharges to enhance their bottom line.

We urge the Surface Transportation Board to find the railroads current assessment of fuel surcharges to be held unreasonable.

4/18/06
Date

Harold J Henckel
Signature

HAROLD J. HENCKEL
Name